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JUNE 26, A. M.THE Demand and Price SITUATIONBUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

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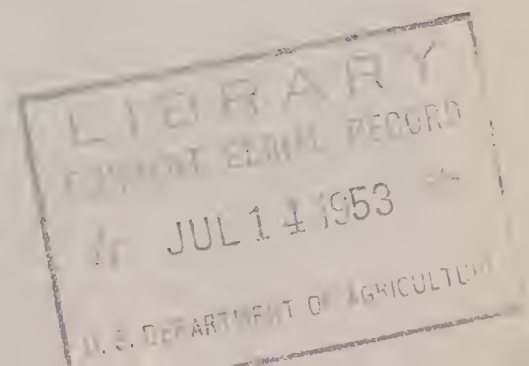
JUNE 1953

Approved by the Outlook and Situation Board, June 22, 1953

SUMMARY

Record employment and incomes are contributing to a fairly strong domestic demand for farm products. But exports of agricultural products continue about one-third below those of 1951-52. Supplies of farm products in general are large. Price trends have been mixed. Prices of wheat and most other grains have declined in recent months. However, prices of hogs have strengthened reflecting smaller marketings. Average prices received by farmers have held relatively stable in recent months at levels around one-tenth below 1952. Price trends during the summer will depend largely on the development of 1953 crops. Crop prospects were generally favorable on June 1, except in the dry southwest, according to the crop report for that date. Weather continued favorable in early June. Marketings of farm products through May were up around 5 percent from a year earlier, but cash receipts were about 3 percent smaller because of the decline in prices.

With industrial production at a postwar high, nonagricultural employment has been at new peaks each month so far this year. Personal incomes continue near the record March rate of 283 billion dollars, 7 percent above last year. With higher incomes, retail sales were near record levels, around 7 percent above 1952. There was a substantial inventory accumulation in April, with most of the increase in automobiles, appliances, apparel and general merchandise. With the build up in stocks, production cutbacks have been reported for several household appliances. Businessmen's investment schedules in May pointed to a new high rate of outlays for new plant and equipment in the second quarter and a further rise in the third quarter. Moreover, Government outlays for defense and related activities continue high and are not expected to change much in coming months.



ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1952		1953				
		Year	May	Feb.	Mar.	Apr.	May	
Industrial production <u>1/</u>								
Total	1935-39=100:	219	211	240	243	242	p 242	
All manufactures	do.	230	224	254	258	256	p 256	
Durable goods	do.	280	277	322	328	327	p 327	
Nondurable goods	do.	189	181	198	201	198	p 198	
Minerals	do.	160	140	163	162	162	p 166	
Construction activity <u>1/</u> #								
Contracts, total	1947-49=100:	183	168	173	177	180		
Contracts, residential	do.	181	186	182	176	181		
Wholesale prices <u>2/</u> #								
All commodities	1947-49=100:	112	112	110	110	109	110	
All commodities except farm and food	do.	113	113	113	113	113	114	
Farm products	do.	107	108	98	100	97	98	
Processed foods	do.	109	109	105	104	103	104	
Prices received and paid by farmers <u>3/</u>								
Prices received, all products	1910-14=100:	288	293	263	264	259	261	
Prices paid, interest, taxes, and wage rates	do.	286	289	280	281	279	279	
Parity ratio		101	101	94	94	93	94	
Consumers' price <u>2/</u> <u>4/</u> #								
Total	1947-49=100:	114	113	113	114	114		
Food	do.	115	114	112	112	112		
Income								
Nonagricultural payments <u>5/</u> ...	Bill. dol.	248.0	244.9	261.1	263.3	264.2		
Production worker pay rolls <u>2/</u> #	1947-49=100:	135.3	128.9	149.4	152.1			
Weekly earnings of production workers <u>2/</u> #								
All manufacturing	Dollars	67.97	66.33	71.17	71.93	71.40		
Durable goods	do.	73.04	71.51	77.15	77.52	77.75		
Nondurable goods	do.	60.98	59.52	62.73	63.60	62.65		
Employment								
Total civilian <u>6/</u>	Millions	61.3	61.2	60.9	61.5	61.2	61.7	
Nonagricultural <u>6/</u>	do.	54.5	54.2	55.6	55.7	55.2	55.3	
Agricultural <u>6/</u>	do.	6.8	7.0	5.4	5.7	6.1	6.4	
Government finance (Federal) <u>7/</u>	Million							
Income, cash operating	dollars	5,950	4,722	6,267	11,042			
Outgo, cash operating	do.	6,082	5,751	5,754	6,970			
Net cash operating income or outgo	do.	-132	-1,029	+513	+4,072			

Annual data for the years 1929, 1932 and 1935-52 appear on page 26 of the April 1953 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1952 are on average monthly basis. # Revised series. p= Preliminary.

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Commodity Highlights

Commercial slaughter of cattle and calves in April-June this year was approximately 35 percent larger than in the same period last year. Prices of top grade slaughter cattle, while down substantially from a year ago, have been relatively stable in recent months. Reduced receipts of hogs have pushed prices to new highs for this time of year. Pork supplies are expected to remain small well into next year. The rate of milk production was down in May from the high level of the previous 4 months, but continued above last year and was near record for the month. With fewer layers on farms, egg production so far this year has been a little below a year earlier. Current marketings of broilers are large, reflecting the heavy chick placements made earlier. Indications are that supplies will continue large at least into September. Wholesale prices of vegetable oils, especially soybean, have declined in the past 2 months, reflecting record stocks. With relatively large supplies of feed grains, prices of nearly all feeds were lower in May than a year earlier. Current wheat prospects point to a record supply in 1953-54, substantially above the current year, with the increase in carryover stocks more than offsetting lower production. Supplies of some early-season deciduous fruits, especially peaches, plums, and apricots, are expected to be larger in July 1953 than a year earlier, and grower prices may be somewhat lower. June 1 prospects were for larger summer tonnage of commercial vegetables grown for fresh market, and generally lower prices are expected. Acres planted to processing crops this year are in general expected to be as large as or larger than those of last year, with the exception of tomatoes and spinach. Little change is likely in prices paid farmers or prices at retail. Continued heavier supplies of potatoes and lower prices than last year are in prospect for this summer. Moderately larger market supplies of sweetpotatoes are in prospect for this year. Orders for cotton gray goods received by mills continued larger during May and the first part of June. World consumption of wool during the first quarter of this year is estimated to have been about one-third higher than a year earlier, and at an annual rate well in excess of estimated production for the current season. Domestic use of flue-cured and Burley tobacco in the current marketing year is expected to top that of any previous year, mainly because of the record output of cigarettes, but the exports of unmanufactured tobacco are running considerably lower than in 1951-52.

GENERAL BUSINESS CONDITIONS

Economic activity in April, May, and early June was relatively stable at a high level. Industrial production leveled out in April and May at close to the postwar record, personal incomes in April continued at the record March rate of nearly 283 billion dollars, and nonfarm employment so far this year has been at new highs for the period. Consumer buying, business investment outlays and Government expenditures for defense have continued at or near record levels during the past several months. Although demands on the economy have been large, a continued high rate of production contributed to some inventory accumulation in March and a fairly general buildup of stocks during April.

Demand for Goods and Services

Personal incomes in April continued at the record 283 billion dollar annual rate of March. Wage and salary receipts rose with a small increase in factory employment and wage rates, but this gain was about offset by a decline in proprietors' and rental income.

Personal incomes in the first 4 months of 1953 were about 7 percent above the same months of a year earlier, reflecting the record employment and weekly earnings which have accompanied the high rate of industrial activity so far this year. Consumers' expenditures in the early months of this year were about 6 percent higher than a year earlier.

Sales by retail stores in April (after seasonal adjustment) were about the same as the month before and only slightly below the record of February. Demand for new automobiles continued strong and sales by automotive dealers rose 3 percent. However, this was about offset by a decline in sales by furniture and appliance stores and by the lumber, building, hardware group. The post-Easter drop in sales by apparel stores was greater than usual. General merchandise store sales also declined. But sales by the other major groups of nondurable goods retailers picked up somewhat during April and total nondurable sales were only slightly less than the month before. Retail sales continued to run about 7 percent ahead of those of a year earlier. Increases have been general for all major groups, but have been largest in the case of automobiles, furniture and appliances. Preliminary data for May show sales by department stores up 8 percent from April after seasonal adjustment and 7 percent higher than May 1952.

Consumer expenditures have been supported by increased use of credit. The total outstanding rose 500 million dollars during April to a new record of 26.2 billion dollars. Most of this increase was in credit granted for the sale of automobiles and other consumer durables, but all major types of consumer credit outstanding rose during the month. Installment credit outstanding at the end of April was nearly 5 billion dollars (one-third) higher than it was when consumer credit controls were removed in early May 1952.

Business Investment
Demand Strong

Private investment in the first quarter of this year was down about 5 percent from the preceding quarter because of the substantial decline from the high rate of inventory accumulation in late 1952. Outlays for new construction and producers' durable equipment were both at new highs in the first quarter. Indications are that investment has continued large. Businessmen's intentions, reported in May to the Securities and Exchange Commission and the Department of Commerce, were to invest at a new high annual rate of 28.4 billion dollars in the second quarter, nearly 5 percent higher than in the first. Expenditures scheduled for the third quarter are about 1 percent higher than the second, with small gains for most major industry groups offsetting a decline of 8 percent by railroads.

New construction activity rose 10 percent from the record figure for April to a new high for May of 2.9 billion dollars. On a seasonally adjusted basis, construction operations were at an annual rate of more than 34 billion dollars, near the highest level ever recorded. Work on public construction projects was up 13 percent with highway activity showing the strongest seasonal expansion--an increase of nearly one-half over the April rate. Despite the seasonal increase from April to May, public construction outlays were about the same as a year earlier. This reflected a leveling-out in direct defense construction expenditures and a reduction in the volume of hospital, conservation and development, and public service activity that began in mid-1952.

Private construction work was 8 percent above April and 9 percent more than May a year ago. Although residential activity expanded less than seasonally, it continued at a high seasonally adjusted annual rate of nearly 12 billion dollars. Industrial construction showed an expected small decline in May, but was slightly higher than a year earlier. Commercial construction, continuing the recovery that took place during the fall and winter months from the restricted levels of early 1952, was at the highest monthly rate in 2 years. An even higher figure seems likely for June. Expenditures by public utilities for new construction increased further and were 11 percent above last year. New housing starts in May were down 3,000 from the 110,000 units started in April.

Business investment in inventories at the end of April totaled almost 76 billion dollars after adjustment for seasonal variation, a rise of 640 million during the month. Although stocks increased at all levels of trade, most of the expansion occurred at retail. The book value of inventories held by manufacturers was about 200 million dollars greater than the month before with most of the rise centered in fabricated metals and motor vehicles and equipment. However, the rise in manufacturers' sales was relatively greater than that of inventories, and the ratio of stocks to sales declined. Retailers' stocks increased nearly 300 million dollars in March and more than 400 million in April. Largest relative increases in April were in stocks of automobiles and furniture and appliances,

but apparel and general merchandise stores also reported fairly large gains in inventories. Retail sales tapered off in March and April, and relatively large stock accumulations resulted in some increase in the ratio of inventories to sales. With the build-up in stocks, production cut backs have been reported for some household appliances but preliminary data indicate that the level of total industrial output continued stable in May.

Treasury expenditures in April and May indicate that outlays for the national security program rose moderately from the 51.2 billion-dollar annual rate of the first quarter. Government outlays for the national security program are not expected to change materially in coming months.

Output and Employment

Total output of goods and services continued high in April and May, at around the record level of the first quarter. Industrial production leveled off at a postwar high and construction activity and employment so far this year have continued near record for the period.

The Federal Reserve Board's index of industrial production in May was 242 (1935-39=100), about the same as the rate of March and April but about 15 percent above May 1952. Output a year ago was reduced by the short work stoppage in the steel industry and slackness in textile activity. Production in the durable goods industries was maintained at about the level of the two preceding months. Steel mill operations were about equal to rated capacity, up somewhat from April. A further small rise in output of producers' and military goods was about offset by the curtailment in automobile production in the latter part of May caused by scattered work stoppages. Production of several household appliances was reduced in April but there is little output information available to indicate trends in May and early June.

Production of nondurable goods flattened out in April and May at a level close to record highs. Activity in the textile and leather industries remained substantially above a year ago. Output of paper, chemicals, and rubber products was maintained at about peak rates for the postwar period. Production of minerals rose about 2 percent during May and was nearly a fifth higher than a year earlier. Coal production increased in April and May as earlier marked output curtailments led to a substantial reduction in inventories. Crude petroleum output also turned up in May. Iron ore mining increased sharply in April as the Great Lakes were opened for shipments earlier this year than usual.

Sales by manufacturers in April rose 5 percent, after adjustment for seasonal factors, with the gains in both durable and nondurable goods. Most manufacturing industries reported higher sales than the previous month with basic metals, transportation equipment, petroleum products, and textiles showing the largest percentage increase. New orders climbed about 5 percent during the month, but were exceeded by sales and the backlog of unfilled orders for durable goods declined to about 5 times current sales, somewhat less than it has been in recent months.

Employment Rises

Employment in May was 61.7 million, about 400,000 higher than the month before. A seasonal gain in farm employment accounted for most of the rise as planting of crops continued and harvesting of some early crops got under way. Nonagricultural employment, which has established a new high for each month so far this year, also showed a small increase, mostly because of a pickup in construction activity. Unemployment dropped more than seasonally as the civilian labor force failed to expand as rapidly as the number of jobs. Unemployment was at the relatively low level of 1.3 million, only 2 percent of the civilian labor force.

COMMODITY PRICES

Prices in general have been fairly stable in the past 12 months, with average wholesale prices edging downward, consumers' prices inching upward. Prices for basic commodities dropped a tenth as supplies improved. The consumers' price index for urban families is less than 1 percent above a year earlier, as small declines in food and apparel only partially offset moderate increases for rent, transportation, medical care and slight gains for the other major groups.

Table 1.- Indexes of wholesale and basic commodity prices, selected groups June 16, with comparisons

Group	(1947-49=100)				
	June 16, 1953	May 12, 1953	June 10, 1952	June 16, 1953	
				percentage change from	
				May 12, 1953	June 10, 1952
<u>22 Basic Commodities</u>					
All commodities	86.4	87.6	97.1	-1.4	-11.0
Foodstuffs	85.9	89.1	94.6	-3.6	- 9.2
Raw industrial	86.6	86.5	98.6	+0.1	-12.2
Livestock and products	59.3	63.0	72.6	-5.9	-18.3
Metals	98.4	95.7	113.2	+2.8	-13.1
Textiles and fibers	90.0	89.4	92.8	+0.7	- 3.0
Fats and oils	54.6	59.2	66.4	-7.8	-17.8
<u>Wholesale prices</u>					
All commodities	109.3	109.9	111.7	-0.5	- 2.1
Farm	95.5	98.5	111.0	-3.0	-14.0
Food, processed	103.3	104.5	109.3	-1.1	- 5.5
All other than farm and food	113.5	113.4	112.4	+0.1	+ 1.0

The all commodity index of wholesale prices in early June was down slightly from a month earlier, and 2 percent below a year earlier. A decline in farm product prices accounted for most of the decrease over the month. Farm product prices were down about 14 percent from June 1952 and processed foods about 5 percent, but these declines were partly offset by a rise of 1 percent for all other than farm and food group. Some automobile manufacturers have recently reduced new car prices, and used car prices in general have declined. However, indexes of average prices do not indicate a widespread easing in prices of manufactured products.

The BLS index of 22 basic commodities in mid-June was about 1 percent below mid-May. A decrease of about 8 percent in prices for fats and oils and a 6 percent drop in livestock and products were only partly offset by a 3 percent rise in metals and slightly higher prices for textiles and fibers.

Prices Received by Farmers

The index of prices received by farmers on May 15 was 2 points higher than the month before as higher prices for livestock and products more than offset a decline in average crop prices. The May index was 261 (1910-14=100), down 11 percent from a year ago. Meat animal prices averaged 6 percent higher during the month. Hogs rose sharply in response to reduced marketings and cattle and calf prices increased slightly although marketings continued in volume. Prices of poultry products in May were unchanged on the average but were one-fourth higher than a year earlier. Dairy products declined further from April to mid-May to a level 9 percent below a year earlier.

Prices for crops averaged 2 percent lower in mid-May than a month earlier and were down a tenth from May 1952. Potato prices continued to decline in response to larger supplies; and truck crops, particularly tomatoes, declined seasonally as supplies increased. Prices for potatoes were down 56 percent and truck crops 36 percent from mid-May 1952. Cotton and tobacco rose slightly during the month, but prices for most other crops averaged slightly lower. Prices for cotton and feed grains were down about a tenth from a year earlier.

Prices for most grains at central markets on June 19 were lower than in mid-May, reflecting generally abundant supply prospects. No. 2 hard winter wheat at Kansas City was down 13 percent, and rye and barley at Minneapolis were down about a tenth from mid-May. Corn and soybeans at Chicago and flaxseed at Minneapolis also were off substantially. Slaughter steers and barrows and gilts at Chicago averaged slightly higher during this period, but slaughter cows were considerably lower. Offsetting the declines somewhat were 7-percent higher prices for eggs at Midwestern markets.

Prices Paid by Farmers

Prices paid by farmers averaged the same on May 15 as the month before. The index of prices for production goods remained at the April 15 level. Prices for feeder and replacement livestock and poultry, motor supplies, and farm machinery were higher. Feed and seed continued to

decline and prices for farm supplies also were lower. Prices for rural family living items increased slightly from mid-April to mid-May. Higher prices for food were the chief contributors to the upturn. Retail prices for coffee, flour, pork products, fruit and other items edged higher during the month. Vegetables were off with tomatoes and potatoes leading the decline, and eggs also were lower. On the average, mid-May prices paid by farmers for food were about 3 percent higher than the 1953 low recorded last February, but 2 percent lower than the record of May a year ago.

Table 2.- Group indexes of prices received and paid by farmers, May 15, 1953 with comparisons

Group	(1910-14=100)				
	May	April	May	May 15, 1953	
	15,	15,	15,	percentage change from	
	1953	1953	1952	April 15, 1953	May 15, 1952
All farm products	261	259	293	+1	-11
All crops	243	247	270	-2	-10
Food grains	242	244	245	-1	-1
Feed grains and hay	205	206	227	1/	-10
Cotton	268	266	303	+1	-12
Tobacco	426	424	436	2/	-2
Oil-bearing crops	285	289	280	-1	+2
Fruit	224	226	190	-1	+18
Truck crops	182	204	285	-11	-36
Other vegetables	208	226	346	-8	-40
Livestock and products	277	270	313	+3	-12
Meat animals	317	299	394	+6	-20
Dairy products	257	264	281	-3	-9
Poultry and eggs	218	218	175	0	+25
Wool	310	300	287	+3	+8
Prices paid, interest, taxes and wage rates	279	279	289	0	-3
Family living items	270	269	271	2/	1/
Production items	257	257	281	0	-9
Parity ratio	94	93	101	+1	-7

1/ Less than 0.5 percent decrease.

2/ Less than 0.5 percent increase.

AGRICULTURAL EXPORTS

The total value of agricultural exports in the first nine months of the 1952-53 marketing year (beginning July 1, 1952) was almost a third below a year earlier. For the year as a whole, the value will probably approximate a third below the 4 billion dollars exported in 1951-52. The decrease this year reflects primarily a reduction in quantity although some price declines also occurred.

The value of cotton exports in the first nine months dropped about 57 percent to 429 million dollars, and unmanufactured tobacco fell 20 percent to 226 million dollars. Total exports of food (including wheat and flour) dropped 21 percent to 1,325 million dollars. Exports of wheat and flour made from U. S. wheat alone were down about 32 percent to 536 million dollars while all other foods as a group were off only 12 percent.

Table 3.- Value of United States exports of agricultural products, specified periods

Period	Cotton including linters	Tobacco: unmanu- factured	Other 1/ agricul- tural non- foods	Grain and prepa- rations	Other foods	Total agri- cultural exports
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
<u>Calendar years</u>						
Average 1935-39	318	128	29	95	178	748
Average 1946-49	588	273	182	1,464	1,040	3,545
1950	1,024	251	247	838	513	2,873
1951	1,146	325	343	1,488	738	4,040
1952	874	246	251	1,483	575	3,429
<u>Years beginning July 1:</u>						
1949-50 (total) ...	948	235	222	1,034	547	2,986
1950-51 (total) ...	941	274	312	1,239	645	3,411
1951-52 (total) ...	1,204	327	1/277	1,580	665	4,053
July-Sept. 1951	135	91	72	356	182	836
Oct.-Dec. 1951	496	136	84	340	170	1,226
Jan.-Mar. 1952	375	56	73	465	164	1,133
Apr.-June 1952	198	44	48	419	149	858
<u>1952-53</u>						
July-Sept. 1952	82	69	45	258	124	578
Oct.-Dec. 1952	219	78	85	341	138	861
Jan.-Mar. 1953	128	79	65	336	128	736

1/ The seven principal export items or groups which accounted for 75 percent of the total 1951-52 value of \$277 million were: (in millions of dollars)
 (1) Vegetable oils and fats, crude and/or inedible 61, (2) Soybeans 49,
 (3) Inedible tallow 53, (4) Flaxseed 18, (5) Hides and skins except furs 10,
 (6) Hops 10, and (7) Field and garden seeds 7.

Reduced Export Demand

Lower foreign demand for U. S. farm products in the current marketing year is due largely to increased production abroad and generally larger foreign supplies (especially of cotton, wheat, and foods in general) than a year ago. Foreign countries, including some of our best customers for farm products, have been in part relying on stocks previously built up and in part doing their buying elsewhere. Foreign growth cotton and other competing foreign products have been selling at prices below those for U. S. products.

Estimates of supplies of dollars and gold available to foreign countries in fiscal 1952-53 (holdings on July 1 plus receipts during the year from principal sources) indicate a very slight increase over a year earlier. An increase in U. S. imports of goods and services probably will about offset a decrease in economic aid utilized during the year. In 1952-53 an increasing proportion of military aid is being used by the U. S. for the "offshore purchase of military equipment" (such as tanks in the United Kingdom and airplanes in France). Dollars spent in this way may be used by the recipient country on any U. S. product or service it wishes to buy. In table 4, these "offshore purchases with military aid funds" are included in U. S. imports of goods and services. In general, increased military aid has been an important factor in the maintenance of exports of nonagricultural products from the U. S.

Table 4.- Total foreign supply of gold and dollars
(from principal sources ^{1/}) during the 12 months
beginning July 1, 1951-52 and 1952-53

Item	12 months beginning July 1	
	1951-52	1952-53
	Billion	Billion
	dollars	dollars
Total foreign holdings of gold and dollars at the beginning of given year:	19.547	19.388
Imports of goods and services during the year	14.998	up
U. S. Government (net) foreign aid utilized during the year:		
Economic aid utilized during the year:	2.909	down
Military aid utilized during the year:	1.735	up
Total above excluding military aid ^{2/}	37.454	37.6 (est.)

^{1/} From principal sources listed in the table. This excludes dollars and gold from currently minor sources such as foreign produced gold going into foreign reserves, capital movement, etc.

^{2/} Military aid is excluded from this total because (a) if it is included it would result in the double counting of the value of "offshore procurements of military items paid for with military aid funds" which value is included in the above table in the value of imports and in the value of military aid utilized. (b) military aid funds (except for offshore procurements of military items) do not contribute significantly to the foreign supply of dollars that would be available for the purchase of agricultural and other non-military exports.

Economic aid funds have become much less important in financing agricultural exports. Estimates for the first nine months of 1952-53 indicate that about 12 percent of our farm exports were financed under major foreign economic aid programs. This compares with 15 percent for the same period of 1951-52, about 29 percent in 1950-51 and 47 percent in 1949-50.

FARM INCOME

Farmers' cash receipts from marketings in the first 5 months of 1953 totaled 10.5 billion dollars, 3 percent less than in the corresponding period last year. A 5-percent increase in the total volume of marketings was more than offset by lower average prices. It is expected that cumulative cash receipts throughout the remainder of 1953 will continue to run somewhat below receipts in the comparable period last year.

Total livestock receipts in the 5-month period were 6.8 billion dollars, down 7 percent from last year, but crop receipts of 3.7 billion were up 6 percent. A decline of 14 percent in cash receipts from meat animals, due mainly to lower prices of cattle and calves, accounted for most of the drop in total livestock receipts. Dairy receipts were down 4 percent, but receipts from poultry and eggs were 11 percent higher than last year. In the crop group, receipts from wheat, corn, soybeans, tobacco, and fruits were all above last year, but receipts from cotton and vegetables were lower.

Farmers' cash receipts in April totaled 1.9 billion dollars, down 5 percent from March and 8 percent from a year earlier. The preliminary estimate for May is 2.1 billion dollars, up around 10 percent from the previous month but 3 percent below May of last year. Receipts from livestock and products in May were around 1.5 billion dollars, 5 percent less than a year earlier. May crop receipts are estimated at 0.6 billion dollars, practically the same as last year.

LIVESTOCK AND MEAT

Commercial slaughter of cattle and calves in April-June this year was approximately 35 percent larger than in the same period last year. For January-June the increase averaged nearly 30 percent. Slaughter has included very large numbers of fed steers and heifers and sizable numbers of grass cattle. Marketings of cows have been up only moderately.

Fed cattle marketings will be reduced in coming months while slaughter of grass cattle increases seasonally. Total cattle slaughter will remain above last year but probably by not so great a percentage as in the first 6 months. The year's total slaughter will be large enough that numbers on farms at the end of the year promise to be no more than a little above those at the beginning.

Beef consumption per person this year may equal or exceed slightly the 1909 record of 73 pounds. Despite smaller pork supplies, consumption of all meat will likely be up several pounds from last year's 144 pounds.

Prices of slaughter cattle of top grades have not changed greatly in the last few months. Their comparative stability in the face of very large marketings is evidence of a continued strong demand for meat. Total expenditures for meat apparently have been fully as large as a year earlier.

Prices of fed cattle seem likely to strengthen in months ahead. Prices of grass cattle will probably continue seasonally low and may show erratic movements.

Supplies of pork will remain small throughout this year and well into next year. Hog producers cut back their 1953 spring pig crop by 10 percent. Although prices of hogs have been higher this spring, producers have not yet planned to increase production. Their intentions on June 1 were to have 5 percent fewer sows farrow this fall than last. All of the indicated reduction is in areas outside the Corn Belt. Corn Belt producers plan to keep about the same number of sows as last fall.

Prices of lambs increased by several dollars per 100 pounds after January, then turned downward in June. Prices will likely decline seasonally during the next few months.

DAIRY PRODUCTS

The annual rate of milk production declined from an average of 123 billion pounds in the first 4 months of 1953 to 119 billions in May. Nevertheless, output in May was 5 percent greater than a year earlier and second only to the 1945 record. Pasture conditions were about average on June 1, a little below 1952. Despite continued heavy feeding of concentrates, the rate of milk production per cow increased less than seasonally from May 1 to June 1. Total flow of milk will be larger than a year earlier into August, barring a repetition of the severe midsummer drought of 1952. Later in the year, output probably will be no higher than a year earlier. For 1953 as a whole, milk production probably will be around 118 billion pounds compared with 115.1 billion in 1952..

Despite 7 percent larger consumer income, consumption of dairy products has been no greater than a year earlier, and retail prices of dairy products have been nearly the same. Much of the excess of milk production over consumption has been going into butter, cheese and nonfat dry milk, which are being purchased by the Department of Agriculture to support prices to farmers for milk and butterfat.

Wholesale prices for dairy products have been about steady since April 1, at slightly below year-earlier levels. The price paid to farmers by dealers for milk used in fluid distribution was 6 percent below early May 1952. But with a substantially larger proportion of milk sold for manufacturing, the U. S. average price received by farmers for all milk was down 11 percent. The average price received for butterfat in cream in May was 9 percent lower.

In early June the President issued a proclamation under which imports of dairy products will be controlled under Section 22 of the Agricultural Adjustment Act after June 30, unless Section 104 of the Defense Production Act, under which import controls are now exercised is extended by legislation.

POULTRY AND EGGS

The hatching season for laying flock replacement is almost over. Through May, output of replacement chicks was about the same as a year earlier, despite higher egg prices received by farmers and lower feed costs. The replacement hatch in June may be somewhat ahead of 1952, but changes in hatchings in June or July are not usually large enough to substantially affect the season total.

With fewer layers on farms, egg production so far this year has been running a little below a year earlier. After mid-year however, monthly egg production probably will exceed a year earlier if the trend toward increased rates of lay in late summer and fall continues. Any increase in chickens raised for flock replacement this year is not likely to affect egg production until the last month or two of 1953, since the gain in chickens raised is occurring late in the hatching season.

If the expected increase in rate of lay materializes, the gain in egg production this summer and fall over a year earlier could almost offset the decline in the supply of eggs to be available from cold storage. On June 1, stocks of shell eggs were 1.5 million cases, the lowest on record for the date and 1.7 million cases less than a year earlier. Stocks of frozen egg were equivalent to 3.4 million cases, 0.4 million cases less than a year before.

Current marketings of broilers are large, reflecting the heavy chick placements in specialized broiler areas 2 1/2 months ago. Chick placements since then indicate that supplies of broilers will continue large, at least into early September. Before that time, sales of specialized broilers will be competing with seasonally increasing supplies of farm-produced chickens which are a byproduct of egg production and the rearing of replacement layers.

Turkey production in 1953 will be smaller than 1952's record crop of 60 million birds. Reports from hatcheries indicates that for heavy birds the cut will approach or perhaps equal the 12 to 15 percent reduction recommended earlier in the season by a Government-sponsored industry advisory committee. For light breed turkeys, the cut so far is greater than that reported for heavy breed turkeys.

FATS, OILS AND OILSEEDS

Wholesale prices of vegetable oils, especially soybean, have declined in the past two months, probably reflecting the record stocks of soybeans on hand April 1 and a hand-to-mouth buying policy on the part of many manufacturers and foreign purchasers. At present, soybean oil is selling at a substantial discount below cottonseed oil but this spread probably will be reduced by an increase in soybean oil prices. Soybean prices also have declined, paralleling the reduction in the total value of the products. Total disappearance of edible vegetable oils in October 1952-April 1953 (the latest period for which data are available) was down slightly from the year before, with a sharp drop in exports more than offsetting an increase in domestic use.

Prices of most other major fats and oils also have tended downward. In mid-June, prices of inedible tallow and greases were the lowest since prewar, despite record exports so far this crop year. Exports of inedible tallow and greases in the 7-month period October 1952-April 1953 totaled 539 million pounds, 103 million more than in the same period of the year before. Total disappearance of these fats has been 5 percent greater than last year but not as large as the 11 percent increase in production.

It was announced June 19 that 1953 crop cottonseed will be supported at \$54.50 per ton for basis grade (100) cottonseed (75 percent of parity) compared with \$66.40 per ton in the current marketing year (90 percent of parity). Support will be by means of loans, purchases of cottonseed and purchases of cottonseed products. Purchase prices for cottonseed products will be announced at an early date.

It was also stated that present CCC holdings of cottonseed oil and linters will not be sold domestically at prices which would interfere with the orderly movement in commercial channels of such products from the 1953 cottonseed crop.

At present, imports of flaxseed, linseed oil, peanuts and peanut oil are prohibited and imports of tung nuts and oil are limited under section 104, of the Defense Production Act. This Act is scheduled to expire on June 30, 1953. The President on June 8 issued a proclamation (under section 22 of the Agricultural Adjustment Act) affecting imports of these fats and oil-seeds as follows: Imports of peanuts are permitted up to 1,709,000 pounds, shelled basis. Ad valorem fees of 50 percent on flaxseed and linseed oil and 25 percent on imports of peanut oil in excess of 80 million pounds are imposed. No restrictions were placed on imports of tung nuts and oil, but imports from Communist China still are prohibited by a U. S. Treasury regulation.

CORN AND OTHER FEED

Cash corn prices were comparatively stable during May and early June, while prices of other feed grains declined. Prices of oats and barley have declined contra-seasonally since last fall and in mid-May the average price received for oats was below the 1953 support, while the average price of barley was at the support level. Prices of nearly all feeds were lower in May than a year earlier, with average prices received by farmers for feed grains down 11 percent and wholesale prices of high-protein feeds down 20 percent. Wholesale prices of cottonseed meal, meat scraps, and tankage have declined about 25 percent during the past year, and in recent weeks these feeds have been relatively low compared with most other high-protein feeds.

Although corn prices have strengthened somewhat since the low level reached in February, the average price received by farmers has remained below the 1952 national average support price of \$1.60 per bushel. Through May 15th farmers had placed 345 million bushels of 1952 corn under loan and purchase agreement, much more than the small quantity placed under price support from the 2 preceding crops. Receipts of corn at primary markets have been comparatively small in recent months, and stocks of corn at terminal markets have declined considerably below the level of the year earlier.

With a larger carryover of feed grains in prospect, another favorable growing season probably would result in feed grain prices continuing lower than a year earlier this summer and fall. In this event, however, the seasonal decline in corn prices would be tempered by the large volume of old corn under loan and owned by CCC, and by the support price of not less than \$1.58 per bushel on 1953 corn.

The growing season through early June was generally favorable for feed crops over much of the country, with the drought area of the Southwest the major exception. Corn planting was completed at about the usual date, but not as early as in 1952. Pastures were good to excellent in most of the northern half of the country, but were poor in areas of the South and West. A hay crop at least as large as the 104.4 million tons in 1952 is in prospect.

The U. S. Tariff Commission announced that on July 7, 1953 hearings will be held, under Sec. 22 of the Agricultural Adjustment Act as amended, on a request to control imports of oats from Canada.

WHEAT

Current prospects point to a 1953-54 wheat supply 7 percent above the previous record in 1942-43 and 9 percent above the supply this year. The supply for 1953-54 is now estimated at about 1,717 million bushels, consisting of a carryover July 1, 1953 of about 580 million, a crop of 1,132 million bushels and probable imports of about 5 million bushels. The next crop report, which will appraise effects of drought in the Southwest as well as weather changes over the rest of the wheat belt, will be released on July 10 covering conditions as of July 1.

Domestic disappearance in 1953-54 is estimated at about 690 million bushels, which would leave slightly more than 1,025 million bushels, for export and carryover. Even if exports next year reach 315 million bushels, more than 700 million bushels would be left for carryover on July 1, 1954, about 130 million more than indicated for a year earlier.

Wheat prices usually start adjusting to new crop winter wheat conditions at about mid-May and reach a low-point for the season sometime in the June-August period. The decline this year began on May 12 with a particularly sharp drop on June 15 when the cash price of No. 2 Hard Winter Wheat, ordinary protein, at Kansas City fell 16 cents per bushel to \$1.95. The decline reflected the improvement in the winter wheat crop and concern over storage facilities. Prices have since partially recovered and on June 19 the price of No. 2 Hard Winter at Kansas City was \$2.04.

The June 15 decline carried the Kansas City price for No. 2 Hard Winter 54 cents below the 1953 loan rate, the farthest the price of this grade has ever been below the loan. The former low point was 1949, when the price fell to 35 cents below the loan on July 2. This would be comparable to about 48 cents today if allowance is made for storage charges of about 13 cents, which are now assumed by farmers.

Wheat prices are usually below the loan at this time of the year. This is due to several factors. The wheat support program operates through loans to eligible farmers rather than through open-market purchases. Many farmers are willing to sell below the loan at harvest time and forego the carrying charge, while other farmers are often willing to take less than the loan equivalent rather than to process the loan and find and provide the necessary storage space. Then there are always some quantities of wheat of low grade or high-moisture content which will not qualify for a loan.

The Department of Agriculture announced on June 17 that it would make emergency price support loans on wheat stored on the ground or in temporary facilities in certain areas where there is a shortage of storage facilities. The loans will be made on a 90-day basis at the rate of 80 percent of the support level, with producers assuming full responsibility for quantity and quality during the loan period. Such loans will be made within counties designated by PMA committees in the States of Nebraska, Kansas, Colorado, Oklahoma, and Texas.

If the Secretary of Agriculture proclaims marketing quotas for the 1954 crop, the law requires that he do so by July 1. If quotas are proclaimed, a referendum of producers will be held not later than July 24. Supports at 90 percent of parity will be available to cooperators--those who plant within their farm acreage allotments--if marketing quotas are upheld by a two-thirds majority of qualified voters. Moreover, when quotas are in effect, noncooperators are subject to a penalty per bushel equal to 50 percent of the basic loan rate on wheat they sell in excess of that grown on acreage allotments. If marketing quotas are rejected by producers, those who do not plant more acres than their allotments will be eligible for loans at only 50 percent of the parity price. Those that exceed their acreage allotments may be given only such price support as the Secretary may make available, up to 50 percent of the parity price.

Whether or not marketing quotas are approved for the 1954 crop, prices for the 1953 crop will be supported by loans and purchase agreements at not less than a national average to farmers of \$2.21 per bushel. The equivalent at Kansas City is \$2.49 for No. 2 Hard Winter and \$2.52 for No. 1 Dark Northern Spring at Minneapolis.

FRUIT

Supplies of some early-season deciduous fruits, especially peaches, plums, and apricots, are expected to be larger in July 1953 than a year earlier. For these fruits, grower prices may be somewhat lower than in July 1952. For most other deciduous fruits, prices may be near those of a year earlier.

Larger crops of peaches, late pears, apricots, plums, and sour cherries were forecast as of June 1. On the basis of condition on June 1, the outlook for apples is for a crop larger than in 1952 but smaller than average. However, the crops of early Bartlett pears in California, grapes, and strawberries are expected to be smaller than a year ago.

Production of peaches in the 10 Southern Early States, from which fresh market supplies will continue heavy during July and early August, is considerably larger than in 1952. As a result, grower prices in July probably will average somewhat under prices a year earlier. In California, production of clingstones is expected to be adequate for the probable needs for canning. Total production of peaches is only slightly larger than in 1952.

With supplies of summer oranges, mostly California Valencias, larger than in the summer of 1952, and with a tendency for the oranges to run heavy to the smaller sizes, grower prices may not average quite as high as last summer. Supplies of frozen orange concentrate and canned citrus juices may be smaller than last summer. Retail prices for canned citrus juices and frozen orange juice are expected to average higher than a year ago.

In Florida, output of frozen orange concentrate through June 6 of the 1952-53 season was nearly 44 million gallons, about 5 percent larger than in the same part of the 1951-52 season. The Florida pack of canned single-strength juices was about 4 percent larger, with a sharp increase in pack of grapefruit juice more than offsetting a moderate decrease in orange juice. Total stocks of Florida canned citrus juice held by packers on June 6 were 12 percent below a year earlier. Stocks of frozen orange juice in cold storage at the end of May were about 12 percent smaller.

Cold-storage holdings of frozen fruits and berries decreased during May, in contrast to a usual net increase that month, partly the result of only a relatively small net movement of strawberries into storage. Stocks of 9 items of canned fruits held by packers on June 1, 1953, were about 36 percent smaller than the relatively large stocks of a year previously.

COMMERCIAL VEGETABLES

For Fresh Market

As of June 1, prospects for commercial vegetables which usually make up about half the total summer tonnage grown for fresh market indicated production this summer will be about 11 percent larger than a year earlier. While much of the increased tonnage is accounted for by watermelons alone, significant increases also are indicated for snap beans, cantaloups, celery, sweet corn, onions, cucumbers, green peppers and tomatoes. The only important reduction from last summer is indicated for lettuce. Although demand continues strong, the larger supplies are expected to result in generally lower prices than last summer.

For Commercial Processing

The progress of crops in general on June 1 was about 1 to 3 weeks behind normal, due to wet, cool weather in eastern and central States and excessive rains in the Northwest. However, acreages planted to processing crops this year generally are expected to be as large as or larger than those of last year, with the notable exception of tomatoes and spinach. For the latter crop, commercial canners are reducing acreage in view of the relatively large stocks left from earlier packs. Little change from last year in prices paid farmers or prices at retail is expected for 1953 packs of canned and frozen vegetables generally.

POTATOES AND SWEETPOTATOES

Supplies and movement of new and old crop potatoes this spring have been much heavier than a year earlier and prices have been much lower. Continued heavier supplies and lower prices than last year are in prospect for this summer. Prices received by farmers for sweetpotatoes in mid-May this year averaged slightly lower than those received a year earlier. The moderately larger market supplies in prospect for this year than last will have little effect on prices until mid-summer when the new crop starts moving to market.

COTTON

Cotton prices were steady during the latter part of May and the first half of June. The average 10-spot market price for Middling, 15/16 inch cotton hovered around 33 cents per pound from May 27 to June 22. The average price received by farmers for upland cotton in mid-May of 31.73 cents per pound was slightly higher than the mid-April price, but was 4.29 cents lower than a year earlier.

Domestic mill consumption of cotton during May showed a small contra-seasonal increase from April. The average daily rate was 37.4 thousand bales per day. Large orders for gray goods continued to be received by mills during May and the first part of June. Trade reports indicate that many mills are sold out of some constructions for third and fourth quarter, 1953 delivery. Gray goods orders for delivery during the first quarter of 1954 have been received by some mills. Trade reports also indicate that inventories in relation to unfilled orders were at a low level at the end of April.

The average mill margin for gray cloth (17 constructions) was about the same in May as it was in April. Both the prices of cloth and cotton were up slightly in May.

Exports of cotton from the United States during April amounted to 208 thousand bales compared with 246 thousand in March and 334 thousand in April 1952. Exports from August 1, 1952 through April 1953 totaled about 2.5 million bales compared to 4.9 million the same period a year earlier. Trade reports indicate a higher rate of exports in May than in April. The official figures for May will not be available until about the middle of July.

On June 12, 1.9 million bales of cotton were covered by Commodity Credit Corporation loans. Repayments during the week ending June 12 amounted to 14 thousand bales.

WOOL

World consumption of wool during the first quarter of this year is estimated to have been about one-third higher than a year earlier. Consumption has increased each quarter since the post-Korea low of July-September 1951; and in the first quarter of 1953, as in the final quarter of 1952, was at an annual rate well in excess of estimated production for the current season.

Consumption of both apparel and carpet wool by domestic mills during the early months of this year was well above a year earlier; mill use of apparel wool was up about one-fifth and of carpet wool almost one-third.

Wool prices at the Australian auctions fluctuated somewhat during May and by mid-June prices for most types were slightly lower than a month earlier. Auctions in New Zealand and the Union of South Africa have closed for the season.

Boston quotations for most wools at mid-June were the same as a month earlier but quotations for some domestic original bag fine and half-blood wools were up slightly from a month earlier. Prices received by growers at mid-May averaged 55.1 cents per pound, compared with 53.4 cents the month before and the national average support level of 53.1 cents.

Imports of dutiable (apparel) wool for consumption during the first quarter were up only 4 percent over a year earlier, but imports of duty-free (carpet) wool were up about 80 percent.

TOBACCO

Domestic use of flue-cured and Burley tobacco in the current marketing year is expected to top that of any previous year, mainly because of the record output of cigarettes. Total output of cigarettes in the United States in the year ending June 30 is estimated at 445 billion--5 percent more than in 1951-52 and 9 percent above 1950-51. The 1952-53 output of smoking tobacco--a sizable outlet of Burley--is estimated at 93 million pounds--5 percent less than in 1951-52 and 12 percent below 1950-51.

More than one-half of the 1952 crop of Maryland tobacco has been marketed. The average price at auctions through mid-June was 50.6 cents--11 percent above the relatively low average of last season. Some increase in domestic use of Maryland tobacco over 1951-52 is estimated for the current year.

Domestic use of moist fire-cured and dark air-cured types in the current marketing year is estimated to be a little lower than in 1951-52. Output of snuff and chewing tobacco seem likely to be about 38-1/2 and 83 million pounds--1-1/2 and 5 percent lower than in 1951-52.

Total disappearance of cigar filler, binder, and wrapper tobacco in 1952-53 is expected to be larger than in 1951-52. Total consumption (including overseas) of cigars in the year ending June 30 will approximate 6.1 billion--3 percent above 1951-52 and 6 percent above 1950-51.

Exports of unmanufactured tobacco in the year ending June 30, 1953, are expected to be near 500 million pounds (farm-sales weight)--15 percent lower than in 1951-52 and 3 to 7 percent lower than in each of the three preceding years. About four-fifths of total exports is flue-cured tobacco, and the major foreign outlet, the United Kingdom, took substantially less than the unusually large quantity which went there in 1951-52. Significant increases in tobacco exports to Germany, Netherlands, and Japan partly offset the decline in exports to the United Kingdom.

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